

# Environmental Groups Threaten Jobs and the Southland Economy

*By Petitioning US EPA to Overturn State Law.*

## The Problem

Several environmental organizations have petitioned the United States Environmental Protection Agency (EPA) to prevent the South Coast Air Quality Management District (SCAQMD) from lifting a permit moratorium that has blocked SCAQMD from issuing permits to businesses and public agencies in Southern California.<sup>1</sup> The petition asks EPA to issue a “statement” that California must amend its State Implementation Plan before SCAQMD can implement key portions of SB 827 (Wright, 2009) or AB 1318 (M. Perez, 2009). The two bills were recently passed by the California Legislature and signed into law by Governor Schwarzenegger.

## Background

- Due to a 2008 state court CEQA decision, SCAQMD has been forced to stop issuing permits relying on the District’s internal offsets accounts.
- Without the use of AQMD’s internal offset account, government and businesses could be forced to spend more than \$4 billion for buying pollution credits – if they are available at all. Credits on the open market are often unaffordable, with estimated costs of \$234,000 for a gas station, \$1.6 million for a hospital boiler or a tortilla fryer and oven, and \$115 million for a landfill gas to energy project.
- Lack of SCAQMD permits means lost jobs and delays in building needed projects, including projects that would be eligible for ‘Stimulus Funding’ from the federal government that cannot be built without SCAQMD permits.
- In 2009, legislation was introduced to overcome the state law impasse. After months of debate and multiple hearings, a compromise was forged clearing the way for small businesses, essential public services and exempt facilities (SCAQMD Rule 1304) to obtain the necessary permits under SB 827 (Wright). As part of this compromise, each and every project is still subject to full environmental review under existing law.
- Separately, the Legislature passed AB 1318 (M. Perez, 2009) to allow the Sentinel power plant in the Coachella Valley access to the SCAQMD’s internal offsets. This power plant has a contract to supply electricity to Southern California Edison that has been approved by the California Public Utilities Commission. However, this power plant will have to pay a mitigation fee to obtain offsets which the SCAQMD will invest in emission reduction projects in the impacted areas near the power plant.

<sup>1</sup> The petitioning environmental organizations are California Communities Against Toxics, Coalition for a Safe Environment, Communities for a Better Environment, Natural Resources Defense Council, and Desert Citizens Against Pollution.



## Impacts

- At stake are as many as 1,200 permits that have been on hold, delaying up to \$10 billion of investment in new projects in Southern California.
- Tens of thousands of jobs have been lost or new hiring delayed at a time when the region is experiencing the worst economic conditions of the past 50 years.
- Affected businesses include essential public services, such as hospitals, schools, fire and police stations, sewage treatment plants, and landfill gas to energy projects, gas stations, dry cleaners, auto body shops, printers, and food manufacturers.
- The permit moratorium has resulted in a slower clean-up of the environment and even setting back efforts to reduce greenhouse gas emissions since many of these projects were unable to obtain permits for the installation of modern, cleaner equipment that reduces harmful emissions.

## Status of Permits on Hold

- The Governor and State Legislature have acted to allow the permit moratorium to be lifted as of January 1, 2010.
- SCAQMD is working to ensure that after January 1, 2010 all permits on hold will be issued as quickly as possible.
- Once again SCAQMD will supply needed emissions offsets at no charge to public agencies, small businesses, and other environmentally desirable projects.

## Petitioners' Inconsistent Position

- Throughout the state legislative process, many of the same petitioners consistently testified that it was not their intent to hurt the economy or hold up permits for small businesses, essential services or exempt facilities.
- Having lost in federal court and before the State Legislature, the petitioners are now asking the EPA to delay permits for small businesses, essential services and exempt facilities thereby attempting to undo the Legislature's efforts to resolve the crisis and restart the Southland economy.

## Solution

- EPA should reject Petitioner's invalid request to act to block the implementation of SB 827 and AB 1318, and allow permits to be issued consistent with state law.



**South Coast Air Quality Management District**

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